



WINNEFOX LIBRARY SYSTEM

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MEMORANDUM

DATE: January 20, 2016
TO: Winnefox Library System Board of Trustees
FROM: Jeff Gilderson-Duwe
SUBJECT: Group Health Insurance

In October of 2015, the City of Oshkosh notified me that they would no longer cover Winnefox employees under the City of Oshkosh Group Health Insurance. The Affordable Care Act (ACA) requires reporting of health insurance information on employee W-2 forms which cannot be done by the City and therefore the City was unable to complete its reporting requirements under its long-standing insurance arrangement with Winnefox.

Because of the short notice before the end of coverage, Winnefox explored two alternatives. The first was health insurance provided by the Wisconsin Department of Employee Trust Funds (ETF), which is what most library systems and many local governments use. We also used the City’s health insurance consultant at Associated Financial Group and reviewed quotes for coverage.

Of the quotes from Associated Financial Group, Group Health Trust (GHC) had a plan that would be at a lower cost to Winnefox for the same coverage. Unfortunately, this is not a long-term resolution as GHC would only cover the gap until a more permanent health plan could be obtained. GHC would offer coverage to Winnefox employees for no more than one year.

Working with the ETF, we learned that the earliest we could get onto the state’s health plan was April 1 2016. Winnefox went through an underwriting process and found that there was a slight risk resulting in a surcharge to be applied to each participant. The first 9 months of the plan, a 20% surcharge will be in effect. The next 12 months surcharge will be 15%, and after 21 months, the surcharge will be removed.

A staff committee was formed to look at options through the ETF, which offers 4 insurance programs: zero deductible, coinsurance, deductible, and high deductible. The budgeted amount for health insurance in 2016 is \$219,949. **It is important to note that once the surcharge is removed, every plan would be at a cost savings to Winnefox.**

PLAN	DESCRIPTION	20% SURCHARGE	15% SURCHARGE	NO SURCHARGE
P12	Traditional (no deductible)	\$245,586	\$236,900	\$210,844
P14	Local Deductible	\$230,832	\$222,146	\$196,089
P16	Local Coinsurance	\$234,518	\$225,833	\$199,766
P18	High Deductible	\$205,682	\$196,996	\$170,940

After review, the committee recommended the Local Deductible Plan (P14), which I support. While the 20% surcharge will increase 2016 costs by \$10,883, we believe that savings from the GHC insurance for the first 3 months of 2016 (\$8,385) plus savings from the change in Income Continuation Insurance (\$4,986) – a total of \$13,371 -- will exceed the impact of the surcharge.